

**Written report by the Management Board pursuant to Sections 203 (2) Clause 2, 186 (4) Clause 2 AktG relating to item 7 on the agenda concerning the reasons to authorize the Management Board to exclude shareholders' subscription rights when utilizing Authorized Capital 2021 / I**

Agenda item 7 includes the management's proposal to cancel Authorized Capital 2018 / I and create a new Authorized Capital 2021 / I, which is to comprise an authorization of the Management Board to exclude shareholders' subscription rights.

The Company's AGM on 8 March 2018 approved Authorized Capital 2018 / I in an amount of originally EUR 9,027,891.00. By resolution of 3 June 2020, the Management Board, with Supervisory Board approval, partially utilized the Authorized Capital 2018 / I in an amount of EUR 1,805,578.00. The capital increase from authorized capital was entered in the commercial register on 5 June 2020. Accordingly, Authorized Capital 2018 / I is currently now available pursuant to Section 5 (2) of the bylaws in amount of EUR 7,222,313.00; it can be utilized in this amount until 7 March 2023.

The Management and Supervisory boards are in agreement that the Company must be able at all times to respond rapidly and flexibly in national and international markets in the interests of its shareholders, and cover any financing requirements, potentially also without ordinary capital increases, including the expense and time loss connected with subscription rights processes. A sufficient level of authorized capital forms an important foundation for this. For this reason, the management proposes to the shareholders to cancel the existing Authorized Capital 2018 / I to the extent that it was not utilized, and create a new Authorized Capital 2021 / I whose level is to be adjusted to the Company's increased share capital, and which can be utilized until 9 March 2026, albeit otherwise largely corresponding in content, apart from the maximum scope, to the currently still existing Authorized Capital 2018 / I. The Management Board is consequently to be authorized, with Supervisory Board assent, to increase the Company's share capital once or on several occasions until 9 March 2026, albeit by up to a maximum of nominal EUR 5,958,408.00 through issuing up to 5,958,408 new ordinary registered shares. For reasons of flexibility, it is to be possible to utilize Authorized Capital 2021 / I for both cash and non-cash capital increases.

In principle, a subscription right pursuant to statutory regulations is to be granted to all shareholders in capital increases from Authorized Capital 2021 / I. In the cases listed in the proposed resolution, however, the Company's Management Board is to be granted the possibility, with Supervisory Board assent, to wholly or partially exclude shareholders' statutory subscription rights in order to respond to short-term financing requirements in the well-understood interests of the Company, on the one hand, and to rapidly implement strategic decisions, on the other. Pursuant to the proposed resolution, excluding subscription rights should be permitted only

- if the capital increase is implemented against non-cash capital contributions, especially as part of business combinations or for the purpose of acquiring companies, parts of companies, interests in companies or other assets, or entitlements to acquire other assets, including receivables due from the Company;
- to the extent required to exclude fractional amounts from shareholders' subscription rights arising on the basis of the subscription ratio;
- to the extent required to grant subscription rights to the holders of conversion or warrant rights to the Company's shares or to the creditors of corresponding conversion obligations to offset dilutions in the scope to which they would be entitled after exercising such rights or satisfying such obligations;
- if the new shares are issued against cash capital contributions, and the issue price of the new shares is not significantly less than the stock market price of the already listed shares of the Company on the date when the issue price is finally determined; the number of shares issued in this manner under

exclusion of subscription rights may in total not be less than 10 percent of the share capital, neither at the time when this authorization becomes effective nor at the time when this authorization is exercised; to this maximum limit of 10 percent of the share capital are other shares to be attributed that are issued or sold during the duration of this authorization under exclusion of subscription rights in direct or corresponding application of Section 186 (3) Clause 4 AktG, as well as shares that are to be issued to service warrant or conversion rights or warrant or conversion obligations from convertible bonds and/or bonds with warrants and/or participation rights, if such bonds or participation rights are issued during the duration of this authorization under exclusion of subscription rights in corresponding application of Section 186 (3) Clause 4 AktG.

The Management Board wishes to explain the authorization to exclude subscription rights for the aforementioned cases as follows:

(a) Excluding subscription rights pursuant to the proposed resolution should be possible if the capital increase occurs against non-cash capital contributions, especially as part of business combinations or for the purpose of acquiring companies, parts of companies, interests in companies or other assets, or entitlements to acquire other assets, including receivables due from the Company.

The Company faces global competition and must always be intent on improving its competitive position and on strengthening its profitability. To this end, it can make sense to acquire other companies, interests in companies or attractive assets, such as assets connected with acquisition projects. If such an opportunity arises, the Company must be able to realize such an acquisition rapidly, flexibly and in a manner that spares liquidity, including in the interests of its shareholders. It should be noted in this context that very high considerations must be rendered in most such transactions, which are not always to be fulfilled in cash, or which cannot always be fulfilled in cash. Moreover, the owners of companies or acquisition assets that are for sale occasionally take the initiative in demanding voting shares in the acquirer as consideration. So that the Company can acquire attractive entities or acquisition assets in such cases too, it must be possible for it to offer shares as consideration. This requires the creation of authorized capital, in utilizing which the Management Board, with Supervisory Board assent, can exclude shareholders' subscription rights. The possibility to exclude subscription rights thereby opens up for the Company the requisite scope for maneuver to acquire companies, parts of companies, interests in companies or other assets connected with an acquisition.

Although excluding subscription rights when utilizing authorized capital results in a reduction of shareholders' relative shareholding interests and relative voting rights interests, the acquisition of companies, parts of companies, interest in companies or other assets connected with an acquisition would frequently be impossible for the aforementioned reasons if statutory subscription rights were granted. The benefits connected with the acquisition for the Company and its shareholders would be unachievable as a consequence. If subscription rights are excluded, the Management Board will nevertheless ensure when setting the valuation ratios that shareholders' interests are appropriately protected; it will also take the stock market price of the Company's share into consideration in this context, although a schematic connection to the stock market price is not planned.

The Management Board will only utilize this authorization if the exclusion of subscription rights lies in the well-understood interests of the Company and its shareholders in the specific case. Specific acquisition plans in the sense presented, which require utilization of authorized capital and the exclusion of subscription rights, do not exist at present.

b) Furthermore, provision is to be made to implement exclusions for fractional amounts. This authorization should enable a subscription ratio that can be implemented in technical terms. Without excluding subscription rights in relation to the fractional amount, the technical implementation of the capital increase would be significantly more difficult especially for a capital increase with round sums. The new shares excluded as fractional amounts from shareholders' subscription rights are to be

realized as best as possible by the Company either through sale through the stock market or in another manner. A potential dilution effect is only very minor due to the restriction to fractional amounts.

c) Subscription rights are also to be excluded to the extent required to grant subscription rights to the holders of conversion or option rights to the Company's shares or to the creditors of corresponding conversion obligations – hereinafter referred to together as "bonds" – to offset dilutions in the scope to which they would be entitled after exercising such rights or satisfying such obligations.

The terms and conditions of the bonds generally include dilution protection in order to make it easier to place the bonds on the capital market. One possibility to ensure protection against dilution is to grant holders or creditors of bonds a subscription right to new shares in subsequent share issues, as shareholders are entitled to. To furnish bonds with such dilution protection, shareholders' subscription rights to the new shares must be excluded. Alternatively, solely the warrant or conversion price could be reduced for the purpose of dilution protection, to the extent the terms and conditions of the bonds permit. This would be much more laborious for the Company to process and in any case connected with higher costs, however. It would also diminish the capital inflow from exercising warrant or conversion rights, or from satisfying warrant or conversion obligations. Issuing bonds without dilution protection would be significantly less attractive for the market and would consequently not serve shareholders' interests in appropriate and coherent financial backing for the Company.

d) Finally, exclusion of subscription rights should be possible if the new shares pursuant to Sections 203 (1), 186 (3) Clause 4 AktG are issued against cash capital contributions at an amount that is not significantly less than the stock market price, and if the total proportional amount of the share capital attributable to the issued shares does not exceed 10 percent of the share capital, either of the time when the authorization becomes effective or at a time when the authorization is exercised. The Company can procure additional equity capital for any financing requirements short-term on this basis, and also quickly and flexibly exploit market opportunities to optimally strengthen its equity base in the interests of the Company and its shareholders, without having to implement a subscription rights process entailing high expense. Excluding subscription rights also serves the Company's interest in achieving the highest possible issue price, as a placing of new shares is enabled close to the stock market price without the discount that is usual for subscription issues. New shareholder groups domestically and abroad can also be acquired.

When utilizing the authorization, the Management Board, with Supervisory Board assent, will keep any discount to the stock market price as small as possible according to the market conditions prevailing at the time when the issue price is finally determined. As price fluctuations within very short periods cannot be excluded due to market volatility, it should be determined in advance whether for this purpose an average price calculated on the basis of a period of just a few days preceding the resolution on the authorized capital utilization is taken as the basis, or the current price on the resolution date. In no instance shall a discount to the stock market price amount to more than five percent of the stock market price, however. The Management and Supervisory boards will carefully examine the setting of the issue price on an individual case basis, taking the respective current circumstances into account. The Management Board will endeavor to achieve the highest possible selling price in this context, and to minimize a discount to the price at which existing shareholders can buy additional shares through the stock market.

The scope of the cash capital increase under exclusion of subscription rights pursuant to Section 186 (3) Clause 4 AktG shall also be limited to 10 percent of the share capital when the authorization becomes effective, if this amount is lower, when exercising the authorization to exclude subscription rights. To this 10 percent limit shall be attributed those shares issued or sold during the duration of this authorization under exclusion of subscription rights in direct or corresponding application of Section 186 (3) Clause 4 AktG, as well as shares that are to be issued to service warrant or conversion rights, or warrant or conversion obligations, arising from convertible bonds or bonds with warrants

and/or participation rights, if such bonds or participation rights are issued during the duration of this authorization under exclusion of subscription rights in corresponding application of Section 186 (3) Clause 4 AktG.

Shareholders are appropriately protected from value dilution of their shares through limiting the number of shares to be issued and the obligation to set the issue price of the new shares close to the stock market price. The reduction in the relative shareholding ratio and relative voting rights interest that is necessarily connected with the exclusion of subscription rights can otherwise be offset by shareholders that wish to maintain their shareholding ratio and voting rights interest through purchasing new shares through the stock market on approximately equivalent terms.

Considering all the aforementioned circumstances, the Company's Management and Supervisory boards regard the exclusion of shareholders' statutory subscription rights in the aforementioned instances as objectively justified and appropriate for shareholders for the reasons set out in each case.

The Management and Supervisory boards have also refrained from including in the proposed resolution a general percentage limit to an exclusion of subscription rights based on the level of share capital, which is less than the 30% limit of Conditional Capital 2021 / I already proposed. Given the comparatively low level of share capital, a limit beyond this level would limit in advance the Company's options, especially to acquire other companies or interests in companies against non-cash capital contributions. At the same time, this would deprive the Company of opportunities to expand the Company's operating activities through an attractive acquisition, and to sustainably enhance the Company's value, including in the shareholders' interests. For this reason, the Management Board is not to be deprived of the opportunity, through an additional wide-ranging restriction of the exclusion of subscription rights extending beyond statutory requirements, to utilize conditional capital, including under exclusion of subscription rights, in the legally envisaged framework and pursuant to the considerations presented here.

In each case, the Management and Supervisory boards shall examine carefully whether and to what extent use can be made of the authorization to increase the share capital from conditional capital under exclusion of subscription rights. Such a possibility will only be utilized if the Management and Supervisory boards believe that it lies in the well-understood interest of the Company and consequently of its shareholders.

The Management Board will inform the next Ordinary AGM concerning utilization of the above authorizations to exclude subscription rights.